

water loan, but due to low income, cannot pay the regular interest rate on such loans. Due to the complex nature of the problems facing this applicant, special help will be needed and more supervisory assistance will be required to assure reasonable prospects for success. The applicant may face such problems as underdeveloped managerial ability, limited education, low-producing farm due to lack of development or improved production practices and other related factors. The applicant cannot develop a feasible plan at regular interest rates and at the maximum loan terms. The use of limited resource interest rates is restricted to those loan purposes denoted in § 1943.66 (a)(1) through (a)(5) of this subpart.

**Majority interest.** Any individual or a combination of individuals owning more than a 50 percent interest in a cooperative, corporation, partnership or joint operation.

**Mortgage.** Any form of security interest or lien upon any rights or interest in real property of any kind. In Louisiana and Puerto Rico the term *mortgage* also refers to any security interest in chattel property.

**Partnership.** An entity consisting of individuals who have agreed to operate a farm. The entity must be recognized as a partnership by the laws of the State(s) in which the entity will operate a farm and must be authorized to own both real and personal property and to incur debts in its own name.

**Primary security.** Any real estate and/or chattel security which is required to adequately secure the loan. This is not to be confused with *basic security*, as defined in § 1962.4 of subpart A of part 1962 of this chapter.

**Security.** Property of any kind subject to a real or personal property lien. Any reference to collateral or security property shall be considered a reference to the term security.

**State or United States.** The United States itself, each of the several States, the Commonwealth of Puerto Rico, the Virgin Islands of the United States, Guam, American Samoa, and

the Commonwealth of the Northern Mariana Islands.

[53 FR 35706, Sept. 15, 1988, as amended at 58 FR 15072, Mar. 19, 1993; 58 FR 26681, May 5, 1993; 58 FR 48288, Sept. 15, 1993; 62 FR 9356, Mar. 3, 1997]

#### § 1943.55 [Reserved]

#### § 1943.56 Credit elsewhere.

The applicant shall certify in writing on the appropriate forms, and the County Supervisor shall verify and document, that adequate credit elsewhere is not available, with or without a guarantee or subordination, to finance the applicant's actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in the community in or near where the applicant resides for loans for similar purposes and periods of time.

(a) If the County Supervisor receives letters or other written evidence from a lender(s) indicating the applicant is unable to obtain satisfactory credit, these will be included in the loan docket.

(b) If the applicant cannot qualify for the needed credit from the lenders contacted, but one or more of them has indicated they would provide credit with an FmHA or its successor agency under Public Law 103-354 guarantee, or the County Supervisor determines that the applicant can obtain a guaranteed loan, the applicant will be advised to file an application with that lender(s) so that a guaranteed SW loan request can be processed by the lender for consideration by FmHA or its successor agency under Public Law 103-354.

(c) Property and interest in property owned and income received by an individual applicant; and cooperative and its members, as individuals; a corporation and its stockholders, as individuals; a partnership and its partners, as individuals; and a joint operation and its joint operators, as individuals; will be considered and used by an applicant in obtaining credit from other sources.

#### § 1943.57 Preference.

Priority will be given to otherwise qualified applicants requesting assistance for soil and water conservation and protection purposes denoted in